SMALL BUSINESS

Doing Business with Government Project

INTERIM REPORT – NOVEMBER 2013

BRITISH COLUMBIA

Ministry of Jobs, Tourism and Skills Training

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Executive Summary

The *Small Business – Doing Business with Government Project* (project) was announced on August 29, 2013 by the Minister of State for Tourism and Small Business Naomi Yamamoto. I was named Executive Lead and developed a plan to conduct the project and issue a final report to the Minister of State within six months. This interim report is a key deliverable of the project and summarizes what I have heard from small business owners up to the midpoint of the consultation sessions.

The project follows through on one of the BC Small Business Accord principles "to create long-term growth opportunities for small business through government procurement". It involves consulting with small businesses throughout B.C. to identify ways to make it easier to do business with government. Based on input received, practical recommendations will then be developed and communicated in the final report to improve the tools, supports and processes for the small businesses that provide goods and services to the B.C. government.

During the month of October 2013, four consultation sessions were held in communities across B.C. including Victoria/West Shore, Dawson Creek, Prince George and Kelowna. In total, 56 small business owners or representatives attended these sessions and hundreds more have met with me, been contacted about the project through various business networks, or provided their ideas by phone or email. Concurrently, a survey for small businesses was launched to supplement the information gathered through the sessions and other channels. More than 90 small businesses have responded to the survey so far. Members of the Small Business Roundtable and those involved in developing the Accord have also been engaged in the project, along with key staff in the B.C. government who are involved in procurement.

Through the consultation efforts up to November 8, feedback from a wide range of small businesses representing various sectors throughout the regions of B.C. has been compiled in to three key themes. In summary, small businesses are asking that government:

- tell small businesses, through a variety of ways, what opportunities they have to access government business;
- enhance the information and resources related to selling to government that are specifically targeted for small businesses; and
- make the processes for competing for government work as easy as possible.

These themes are also reflected in the interim survey results. The majority of responses indicate that small businesses want government to take steps to improve the information, resources and processes related to selling to government.

More than 75 per cent agree or strongly agree government should:

- do more outreach to small businesses;
- use plain language in all materials and make processes simpler and clearer;
- have more opportunities to sell to government posted online;
- make it clearer and easier to bring innovative ideas forward to government; and
- have a contact point or resource from which to get advice about government procurement.

I am pleased to submit this interim report and look forward to continuing the consultation process and issuing a final report by March 2014.

GEORGE FARKAS
EXECUTIVE PROJECT LEAD

SMALL BUSINESS - DOING BUSINESS WITH GOVERNMENT PROJECT
NOVEMBER 28, 2013

Introduction

In October 2012, the B.C. government announced it would create the BC Small Business Accord (Accord) for the purpose of establishing a list of priorities to make B.C. the most business-friendly jurisdiction in Canada. Small business has a vital role in developing both the economic and social fabric of B.C. and is a major contributor to employment, economic and trade activity. With 98 per cent of all B.C. businesses being small businesses (i.e., an organization with either fewer than 50 employees, or a business operated by a person who is self-employed without paid help), it is important that government do all it can to support small business.

In March 2013, the Accord was finalized following extensive consultation with the small business community. More than 35,000 individuals provided feedback through community meetings, an online survey and the *#BCBizChat* Twitter town hall.

The goal of the Accord is to help foster a progressive business culture where government initiatives support current and future generations of small business owners across BC. The Accord includes six principles, one of which is to create long-term growth opportunities for small business through government procurement. An action item for the provincial government related to this principle is to reduce barriers to government's procurement process.

BRITISH COLUMBIA

BC Small Business Accord

We are in business to create the most small business friendly jurisdiction in Canada

Goal

We, the undersigned, established the *BC Small Business Accord* and its principles to help foster a progressive business culture where government initiatives support current and future generations of small business owners across British Columbia.

Principles

Consider the needs and impacts of small businesses in policy and program decisions to enhance business certainty, access to qualified labour, access to capital and technology adoption.

Foster a regulatory environment that small business can access, navigate and influence effectively and efficiently.

Design government programs and resources affecting small business so that they are well developed, accessible, properly funded and effectively communicated.

Foster thoughtful collaboration among all levels of government, including First Nations.

Deploy educational and training programs that are future-focused and aligned to meet the changing needs of small business and the labour talent it develops.

Create long-term growth opportunities for small business through government procurement.

Honourable Naomi Yamamoto
Minister of State for Small Business

Gay Hahn
Parksville Qualicum Beach

Jack Bandstra
Bandstra Transportation Systems Ltd., Surrey

Deanne Zwibaht
Developmental Disabilities Association, Richmond

Bob Rodden
CD Environmental Construction, Prince George

Karin Josey
Wildsight, Kimberley

Pat Corbett
Hill Haven Resort, Gibsons

Justin Negoy
Historical Bench Lodge & Campbell River

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Discovery Organics Ltd., Kelowna

Brad Wills
Wills Electric, Vancouver

Greg Munden
Munden Ventures, Kelowna

Dave Mathieson
Tri-Tech Roofing & Waterproofing Ltd., Nanaimo

Lynne Jacobs
Vancouver

Bill Downing
Mountain Wood Products Ltd., Salmon Arm

Cybele Negris
Bellingham, Vancouver

Annemarie Templeman-Kluit
Vancouver

Purpose

The purpose of the *Small Business – Doing Business with Government Project* (project) is to provide recommendations to government, based on direct consultation with small business owners, to remove barriers and make it easier to do business with government.

Scope and Objectives

The project scope includes issues related to small businesses selling goods and services to the B.C. government and doesn't include broader issues that may be of interest to small business owners, such as taxation or federal or local government procurement policies and practices. The objectives of the project are to:

- Conduct effective and engaging consultation sessions focused on procurement barriers, that build upon feedback gathered during the Accord consultations and consider new ideas and innovative practices;
- Host regional sessions for communities in all eight regions in B.C. with small business owners representing a range of sectors invited to participate to ensure broad feedback is obtained from small businesses across British Columbia;
- Receive verbal, written and social media feedback from small businesses in an open and inclusive manner;
- Develop the feedback received into practical recommendations for improvement within the parameters of the project (e.g., recommendations that consider Balanced Budget direction, trade agreements and government's procurement principles of fair, open and competitive procurement based on value for money); and
- Publish a report promptly that accurately reflects the feedback provided and includes practical recommendations with options for the British Columbia government to action.

Approach

The project began on August 29, 2013 following a public announcement. One session is being held in each economic development region in B.C. Four consultation sessions were held in October 2013 and a further four will be held in November 2013.

Concurrently a survey for small businesses was launched October 17, 2013 that asks about experiences selling to the British Columbia government and opinions on how to make it easier. In addition, several meetings were held with key small business owners and representatives from the small business community. The BC Small Business Roundtable members and those involved with developing the Accord have been engaged in the project.

A summary of the discussion at each consultation session is prepared, shared with participants in draft and published at the website below. www.jtst.gov.bc.ca/selltobcgov/whatyousaid.htm

These summaries and the interim survey results form the basis of this interim report.

Overview of Feedback from Small Businesses

The three themes emerging to date, a high level description of the context around each theme and some specific ideas discussed at the consultation sessions that illustrate each theme are presented below. Both consultation session and survey feedback are included, as applicable. See *Appendix* f or detailed interim survey results and the *Small Business – Doing Business with Government Project* website (www.jtst.gov.bc.ca\selltobcgov) for the four detailed summaries from the consultation sessions held to date.

THEME 1: AWARENESS OF OPPORTUNITIES TO SELL TO GOVERNMENT

Small businesses are generally not aware of the range of ways that government makes purchases. In particular, small businesses that have not done business with government are unaware of BC Bid or that government purchasers use a range of approaches, depending on the value of the purchase, to make purchasing decisions. Small businesses would like government to do more outreach to them, particularly in some of the more remote locations in the province. Small businesses also indicated that they would like more information on the types of goods and services purchased as well as how best to access opportunities to sell to government, especially those not posted on BC Bid.

Opportunities identified:

Government can reach out to and work together more often with small businesses.

Survey: 78 per cent of survey respondents agree or strongly agree that government should increase outreach to small businesses.

Session feedback: Small businesses want government to use a variety of different ways to reach out to small businesses and to better leverage existing business networks (e.g., Chambers of Commerce, Community Futures and industry associations) for this purpose.

Small businesses also would like government staff to better plan for contract requirements and provide consistent high quality customer service during the entire contracting process (e.g., ensure the contact listed on a Request for Proposal is available to respond to questions in a timely manner; fully transfer knowledge of contracts when staff leave; various bid response options consistently offered to bidders including eBidding; and for government to host bidder meetings or conferences).

Make additional opportunities to sell to government of lower dollar values accessible to small businesses.

Survey: 85 per cent of survey respondents agree or strongly agree that government should post more opportunities.

Session feedback: Small businesses would like to have greater access to government purchasing that occurs outside of formal purchasing processes (e.g., Request for Proposals), a way or tool to promote their business to government purchasers and opportunities to engage in a two-way conversation with government purchasers.

For larger contracts, small businesses also would like the ability to compete on subcontracting opportunities and enter into partnership arrangements to compete on these opportunities. Small businesses would also like government to consider issuing more contracts of a smaller size that small businesses can compete on and deliver.

Enhance the information communicated about the various ways government purchases.

Session feedback: Small businesses want to better understand what BC Bid is, how it works and for BC Bid to be made more user friendly (e.g., improve the search and sort function by region and date the opportunity is posted; have fillable PDF forms and improve the notification system).

Small businesses also want to know who is bidding on an opportunity so they can decide if they want to invest the effort to compete, how and when to get prequalified for Corporate Supply Arrangements and other qualified supplier lists, and who buys what in government.

Small businesses also want advance notification about opportunities that are coming up to work with government so that they can better plan for their resourcing needs.

THEME 2: INFORMATION AND RESOURCES FOR SMALL BUSINESSES

Small businesses are generally unaware of the information and resources that are currently available to them, such as the new guide "How to Do Business with the Province of British Columbia". They also find that government could improve its use of plain language in contracts and other documents and resources and that the documents are not always easy to follow and locate. Small businesses do not always know who to contact for advice about selling to government, which small businesses have been successful selling to government and what they need to do to be successful.

Opportunities identified:

Creation of a single contact point through which to get advice about selling to government.

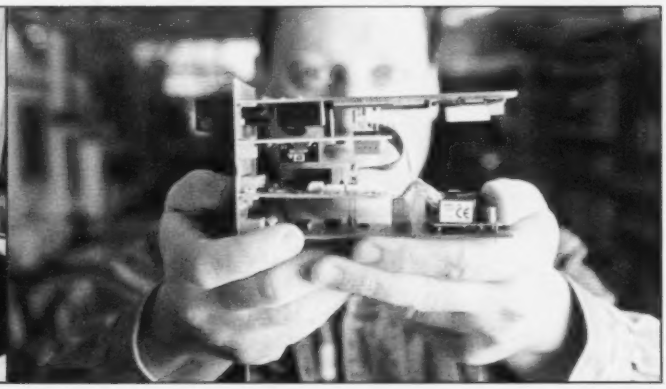
Survey: 77 per cent of survey respondents agree or strongly agree that government should have a clear way to get advice about selling to government.

Session feedback: Small businesses want more ways to get information from government about selling to government provided through face-to-face sessions and webinars, as well as a person to call if they have questions about government purchasing.

Consistent use of plain language in all documents and resources.

Survey: 82 per cent of survey respondents agree or strongly agree that government should use plain language in all documents and resources.

Session feedback: Small businesses want to have web information that is specifically relevant to them in one place, and web and contract documents written in plain language. Small businesses also want government to develop a tutorial to make it easier to know how to navigate through the bidding process and BC Bid.



Information more easily accessible by small businesses.

Survey: 64 per cent of the survey respondents agree or strongly agree that government should have more information available for small businesses online.

Session feedback: Small businesses want government to use a variety of ways, not just websites, to communicate with them (e.g., social media, email) and to partner with municipalities, corporate registry, business networks, etc. that small businesses already utilize for other purposes to get information out about selling to government.

Small businesses also would like government to highlight several small business success stories in selling to government, publicly release information on bid results and proactively provide feedback or debriefs to those not successful so they can learn how to be successful in the future.

THEME 3: WAYS TO CUT RED TAPE AND INCREASE SMALL BUSINESS PARTICIPATION

Small businesses support the current efforts to reduce the Request for Proposal template of government to two pages for opportunities under $250,000 and encourage further efforts by government to make processes simpler and clearer.

Small businesses do not know how to bring their innovative ideas forward to government and are unaware of any processes that government currently has in place to encourage this. Small businesses also support government's goal of increasing small business procurement through creative and innovative approaches and recognize that small businesses represent a broad range of sectors and various social interests.

Opportunities identified:

Identify a mechanism for bringing innovative ideas forward to government efficiently.

Survey: 78 per cent of survey respondents agree or strongly agree that government should have a clear and easy approach for bringing innovative ideas forward.

Session feedback: Small businesses would like a forum or ways to meet with government buyers and to know how to bring their innovative ideas forward (e.g., events like Reverse Trade Shows where buyers and sellers get to meet and build relationships with one another, or business match/meet the buyer events where businesses have brief meetings with government purchasers one-on-one).

Processes to sell to government to be simpler and clearer.

Survey: 80 per cent of survey respondents agree or strongly agree that government should make processes simpler and clearer.

Session feedback: Small businesses want to ensure government staff consider the most streamlined approaches when making a purchase (e.g., use the Request for Proposal process as required, but other less onerous processes wherever possible).

Small businesses also want government to scale requirements (e.g., for audited financial statements) to fit the risk and size of the contract and for current bid documents to be shortened to reduce the work required by small businesses.

Small businesses also need contract payments to be made in a consistently timely manner recognizing the realities many small businesses face (e.g., not all small businesses can get a line of credit to manage payment delays).

Enhance strategies and policies that increase small business participation in procurement across the province.

Session feedback: Small businesses want government to take steps to help increase small business procurement in communities throughout British Columbia. Some small businesses have raised the issue of supplier diversity in relation to traditionally designated groups, such as women, minorities, Aboriginal peoples and people with disabilities. Some small business representatives have suggested an Aboriginal or First Nations Procurement Strategy, consistent with what other provinces have in place.

Others have raised the issue of government promoting broader social purposes (e.g., developing a policy for certain government purchasers to encourage purchasing from social enterprises when other factors, such as price, are essentially equal). Small businesses recognize the complexity of this issue and the importance of balancing the different perspectives, priorities and objectives of all members of the small business community.

Conclusion

Overall, the consultation process at this interim point has been effective as it has identified a number of barriers for small businesses, ranging from a lack of awareness of how to sell to government, limited knowledge and use of information and resources currently available and some challenges with the procurement processes and requirements of government. As the consultation process completes, government will have received many ideas to consider pursuing. These ideas will help ensure as many opportunities as possible to sell to government are accessible to small businesses throughout the province.

Successfully developing practical recommendations from the feedback and ultimately making the changes necessary to achieve what small businesses are asking for from government will require the coordinated efforts of staff across the B.C. government. Specifically, managing the change within government will require training and resources for government staff and strong leadership from the procurement community in government. While some of the changes may be implemented relatively quickly (i.e., implemented within 12 months) some may be longer-term.

Effective communication within government and with the small business community will be essential for support and success. Targeting the actions towards those things that will have the greatest benefit for small businesses and an ongoing commitment of government to increase small business procurement will be key to sustaining momentum needed over the longer-term.

Small business has a vital role in developing both the economic and social fabric of B.C., and is a major contributor of employment, economic and trade activity. With 98 per cent of all businesses in B.C. being small businesses (under 50 employees), it is important that government do all it can to support them.

Appendix:
Small Business Survey – Interim Results

The small business survey is a brief survey that asks small business owners key questions about their experience selling goods and services to the B.C. government (e.g., whether they have sold to government, what they have sold, what process was used, when they last sold and how long they have been selling to government) and opinions on what government should do to make it easier.

The interim survey results reflect 90 responses received during the period October 17 – November 8, 2013. The survey will remain open until December 6, 2013 and the results presented below could change significantly once all responses are received. *As such, these interim results should be viewed as an early indicator of small business opinions and experiences.*

Key interim survey results are:

- 36 per cent of the respondents have done business with government (64 per cent have not);
- 81 per cent sold goods and services through a competitive bidding process or contract process;
- 59 per cent sold to the BC government in the last year; 19 per cent in the last 3 years, 13 per cent in the last five years and 3 per cent more than five years ago; and
- 56 per cent of those who have done business with the BC government have done so for more than five years.

For small businesses that *have* done business with government, their *overall satisfaction* with the process of selling to government is:

OVERALL SATISFACTION	PER CENT
Satisfied or very satisfied	22%
Neutral	28%
Dissatisfied or very dissatisfied	37%

For small businesses that *have not* done business with government, reasons include:

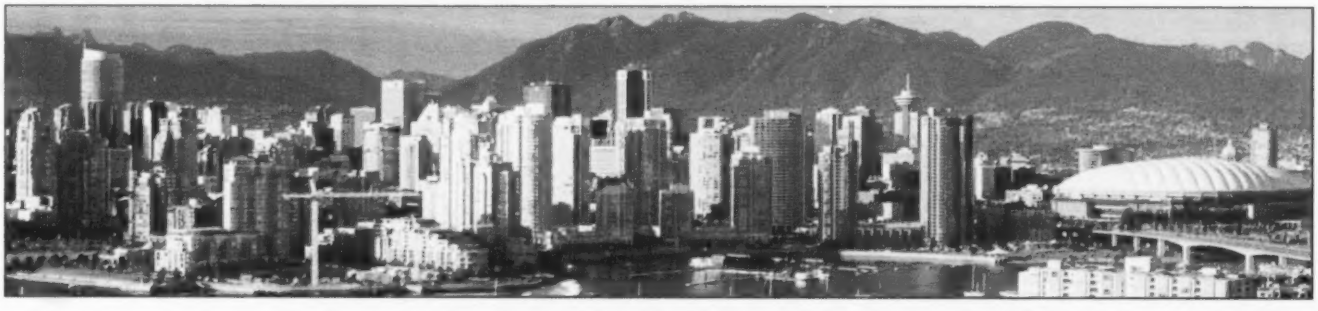
REASON	PER CENT
Don't know what the government wants to buy	37%
Process is too complicated	33%
Too much paperwork	30%
Other reasons	26%
Takes too much time	19%
Costs too much to respond	18%
Applied but was not successful	11%
Our good/service is not what government buys	9%

All respondents were also asked about their awareness, use of information and resources currently available. Many were not aware of the resources and have not used them.

RESOURCE	USED RESOURCE	AWARE OF RESOURCE	UNAWARE OF RESOURCE
Information on BC government website	21%	29%	47%
BC Bid information and resources	36%	36%	27%
Government contact information (email, phone)	29%	31%	34%
Vendor Complaint Review Process	1%	14%	74%

All respondents were asked their opinion on what actions of government would make it easier for small businesses to sell goods and services to the B.C. government. For all actions noted below, the majority of respondents agree or strongly agree undertaking the action would make the process easier.

RESOURCE	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE	AGREE & STRONGLY AGREE
More opportunities posted online	1%	2%	7%	17%	68%	85%
Use plain language in all communications/ materials	0%	2%	10%	19%	6%	82%
Make processes simpler and clearer	2%	0%	11%	21%	59%	80%
More outreach to small businesses (e.g., regional information sessions)	2%	1%	14%	19%	59%	78%
Make it clearer and easier to bring innovative ideas forward to government	1%	1%	11%	18%	60%	78%
Have a forum or number I can contact to get advice	1%	2%	16%	26%	51%	77%
More information about doing business with government online (e.g., videos, simple guides)	0%	6%	23%	20%	44%	64%



RESOURCES

The BC Small Business Accord
http://www.jtst.gov.bc.ca/sbaccord

The Public Announcement
The project began on August 29, 2013 following a public announcement .
http://www.newsroom.gov.bc.ca/2013/08/new-senior-adviser-to-help-small-businesses-cut-red-tape.html

The Small Business – Doing Business with Government Project
http://www.jtst.gov.bc.ca/selltobcgov/index.htm

What You Said
A summary of the discussion at each consultation session is prepared, shared with participants in draft and published at the website below.
www.jtst.gov.bc.ca/selltobcgov/whatyousaid.htm

Selling to the B.C. Government
For information about how the B.C. Government purchases goods and services and how to do business with the provincial government, visit:
http://pss.gov.bc.ca/psb/selling-to-government.html

NOTES

BRITISH COLUMBIA

Ministry of
Jobs, Tourism
and Skills Training